

Message Text

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ACTION EB-07

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TO SECSTATE WASHDC 8259

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C O N F I D E N T I A L NEW DELHI 13294

E.O. 11652: GDS

TAGS: ETRD UNCTAD

SUBJECT: UNCTAD COMMODITY CONSULTATIONS: VIEWS OF B.K. SANYAL ON
IRON ORE CONSULTATIONS.

REF: STATE 208183

1. ECONCOUNS AND EMBOFF CALLED ON B.K. SANYAL, FORMER SECRETARY
ECONOMIC DEVELOPMENT, MEA, AND RECENTLY APPOINTED SECRETARY
GENERAL OF THE ASSOICATION OF IRON ORE EXPORTING COUNTRIES,
(AIOEC), TO SEEK HIS VIEWS ON PROPOSED UNCTAD CONSULTATIONS
ON IRON ORE AND ROLE HE SEES AIOEC PLAYING IN IT. SANYAL IS
TEMPORARILY RESIDENT IN NEW DELHI, PENDING THE ESTABLISHMENT
OF THE AIOEC SECRETARIAT HEADQUARTERS IN GENEVA.

2. SANYAL MADE IT CLEAR THAT HE SAW LITTLE IF ANY COMPATIBILITY
BETWEEN THE EFFORTS OF THE IRON ORE EXPORTERS IN HIS
ASSOCIATION AND THE UNCTAD INTEGRATED PROGRAM. THE SUBJECT
OF A POSITION TO TAKE WITH REGARD TO INCLUSION OF IRON ORE
IN UNCTAD LIST OF COMMODITIES IS ON THE AGENDA OF THE AIOEC
BOARD MEETING THIS MONTH IN GENEVA. AS SANYAL DESCRIBED CURRENT
STATE OF IRON ORE EXPORTERS' COOPERATION, THEY HAVE JUST
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BEGUN A MUTUAL EFFORT TO GAIN KNOWLEDGE ABOUT IRON ORE MARKET

AND HOPEFULLY IDENTIFY WAYS IN WHICH IT COULD BE IMPROVED. THEY APPRECIATED THAT THERE WAS NO BASIS FOR ABRUPT INCREASES IN IRON ORE PRICES. SANYAL CALLED PARTICULAR ATTENTION TO FACT THAT ALL IRON ORE EXPORTERS HAVE LONG-ESTABLISHED COMMERCIAL TIES WITH IMPORTERS. IN THE CIRCUMSTANCES HE FELT IT WOULD BE A LONG TIME BEFORE EXPORTERS WOULD BE IN A POSITION TO ENGAGE IN NEGOTIATIONS IN THE FRAMEWORK OF THE INTEGRATED PROGRAM.

3. SANYAL HAD REPRESENTED THE AIOEC AT THE GENEVA MEETING OF THE NON-ALIGNED GROUP OF EXPERTS CONSIDERING THE FORMATION OF A COUNCIL OF PRODUCERS ASSOCIATION. HE NOTED THAT ABOUT HALF OF THE ASSOCIATIONS INVITED TO ATTEND THE MEETING DID NOT. OF THE 35 GOVERNMENT DELEGATES PRESENT, THOS THAT WERE NOT MEMBERS OF ANY PRODUCERS ASSOCIATION SEEMED TO SANYAL TO SPEAK THE LOUDEST. THE EXPERT GROUP DECIDED NOT TO ACCEPT IN THE COUNCIL THOSE PRODUCERS ASSOCIATIONS WHICH HAD DEVELOPED COUNTRY MEMBERS. THIS INCLUDED THE AIOEC, THE COPPER PRODUCERS IN CIPEC AND THE BAUXITE ASSOCIATION. SANYAL SAID THAT IN CORRIDOR CONVERSATIONS, HE HAD CALLED THE ATTENTION OF THE PARTICIPANTS TO THE POSSIBILITY THAT THE UK MIGHT WELL JOIN OPEC IN A FEW YEARS AND WONDERED WHAT THE COUNCIL WOULD AMOUNT TO IN THE ABSENCE OF ALL FOUR ASSOCIATIONS. SANYAL'S CONCLUSION WAS THAT AN ENDEAVOR SUCH AS THE COUNCIL OF PRODUCERS ASSOCIATIONS HAD TO BE BUILT FROM THE BOTTOM RATHER THAN FROM THE TOP. HE APPLIED THIS SAME RULE TO THE REGULATION OF INTERNATIONAL COMMODITY MARKETS ON THE BASIS OF COMMODITY AGREEMENTS.

4. AS SANYAL SPOKE OF THE NATURE AND FUNCTION OF THE AIOEC. HE REPEATEDLY REFERRED TO THE "SOBRIETY" WITH WHICH HE EXPECTED IT TO CONDUCT ITS BUSINESS. IT WAS IN THE HOPES OF STRENGTHENING THE MODERATE ELEMENTS WITHIN THE ASSOCIATION THAT HE WAS EAGER TO HAVE BRAZIL AND LIBERIA ATTEND AS FULL MEMBERS. (BRAZIL HAS TAKEN OBSERVER STATUS WITH THE ASSOCIATION, HE SAID).

5. SANYAL HAS BEEN NEGOTIATING A HEADQUARTER'S AGREEMENT WITH THE SWISS GOVERNMENT THROUGH THE SWISS EMBASSY IN NEW DELHI, AND EXPECTS TO SIGN THE AGREEMENT IN BERN THIS MONTH. THE CONFIDENTIAL

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ORGANIZATION WILL BE LOCATED IN GENEVA WITH APPARENTLY A MODEST STAFF. SANYAL WILL BE RETURNING TO NEW DELHI AT THE END OF THE MONTH, AND WE WILL BE IN TOUCH WITH HIM IN THE NORMAL COURSE OF EVENTS. ONCE HE IS ESTABLISHED IN GENEVA, WE BELIEVE OUR MISSION THERE WILL FIND HIM AN ACUTE OBSERVER OF THE INTERNATIONAL ECONOMIC SCENE IN GENERAL AS WELL AS HIGHLY INFORMATIVE WITH REGARD TO HIS PARTICULAR INTEREST IN PROMOTING THE AIOEC.

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